



The Commonwealth of Massachusetts

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

March 24, 2006

D.T.E. 06-31

Investigation by the Department of Telecommunications and Energy regarding Bay State Gas Company's compliance with G.L. c. 164, c. 164, § 1E and other staffing matters pursuant to Bay State Gas Company, D.T.E. 05-27 (2005).

ORDER OPENING INVESTIGATION

I. INTRODUCTION

In accordance with the directives contained in our Order granting Bay State Gas Company ("Company" or "Bay State") a distribution rate increase, the Department of Telecommunications and Energy ("Department") now opens an investigation to determine whether Bay State complies with the staffing level requirements of G.L. c. 164, § 1E ("Section 1E") as well as to review a number of related topics concerning management control of Bay State by its parent company, NiSource, Inc. ("NiSource"). Bay State Gas Company, 05-27, at 417-419 (2005). To assist in that determination, the Department requires that the Company file a petition and pre-filed testimony by April 18, 2006.

II. BACKGROUND

On October 31, 2006, the Department issued an Order granting Bay State a base distribution rate increase of approximately \$11 million.¹ Bay State Gas Company,

¹ Bay State had requested a base distribution rate increase of approximately \$22 million. D.T.E. 05-27, at 1. There are pending before the Department post-order motions for reconsideration, clarification, and recalculation by Bay State, the Attorney General of the Commonwealth, and Local 273 of the Utility Workers Union of America.

D.T.E. 05-27 (2005). In that Order, the Department reviewed certain service quality issues pertaining to the Company's operations, and we stated that we would open an investigation to analyze specific questions of whether Bay State complies with the statutory mandate set out in Section 1E. Id. at 419. We also stated that the Department would benefit from an investigation of "NiSource's management control of Bay State and staffing levels of Bay State's operations." Id. The Department listed items to be included in this inquiry: (1) whether NiSource's control of Bay State's operations has impaired, or enhanced, the delivery of quality, reliable service at least cost to Company's ratepayers; and (2) NiSource's role, if any, in Bay State's low sales growth. Id.

III. REQUEST FOR FILING

To investigate whether Bay State is in compliance with Section 1E and NiSource's role in Bay State's operations, the Department requests a filing by the Company, including prefiled testimony. This filing must be made by April 18, 2006 as follows: an original with Mary L. Cottrell, Secretary; one (1) copy with the Hearing Officer, Caroline M. Bulger; four (4) copies with A. John Sullivan, Analyst, Rates and Revenues Requirements Division; and (1) one copy to Andreas Thanos, Assistant Director, Gas Division. The original and copies should be delivered to the Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110, not later than the close of business (5:00 p.m.) on **Tuesday, April 18, 2006**. Bay State shall serve a copy of such filing on the service list in D.T.E. 05-27.

All written documents should be submitted to the Department in electronic format using one of the following methods: (1) by e-mail attachment to dte.efiling@state.ma.us and

caroline.bulger@state.ma.us or (2) on a 3.5" disk, IBM-compatible format. The text of the e-mail or the disk label must specify: (1) the docket number of the proceeding (D.T.E. 06-31), (2) name of the person or company submitting the filing, and (3) a brief descriptive title of the document. The electronic filing should also include the name, title and phone number of a person to contact in the event of questions about the filing. Text responses should be written in either Word Perfect (naming the document with a ".wpd" suffix), in Microsoft Word (naming the document with a ".doc" suffix), or as an Adobe PDF file (naming the document with a ".pdf" suffix). Data or spreadsheet responses should be compatible with Microsoft Excel. All written pleadings or comments submitted in electronic format will be posted on the Department's Website, <http://www.mass.gov/dpu>.

IV. ORDER

Accordingly, the Department hereby

VOTES: To open an investigation to determine whether Bay State is in compliance with the staffing level requirements of G.L. c. 164, § 1E, and into NiSource Inc.'s management control of Bay State Gas Company; and it is

ORDERED: That Bay State Gas Company shall comply with all directives in this Order; and it is

FURTHER ORDERED: That within seven days of the date of this Order, the Secretary of the Department shall serve a copy of this Order on the service list of Bay State Gas Company, D.T.E. 05-27 (2005).

By Order of the Department,

/s/

Judith Judson, Chairman

/s/

James Connelly, Commissioner

/s/

W. Robert Keating, Commissioner

/s/

Paul G. Afonso, Commissioner

/s/

Brian Paul Golden, Commissioner